

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
EA-09 FRB-01 INR-07 IO-13 NEA-10 NSAE-00 USIA-15  
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01  
XMB-04 STR-04 /104 W  
-----281738 075054 /50

R 281638Z FEB 77  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 5490

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PASS EB FOR PREG; COMMERCE FOR S. KATZ

E.O. 11652: N/A  
TAGS: EIND, OECD, EINV  
SUBJECT: INDUSTRY COMMITTEE WORKING PARTY 1 ON MULTI-  
NATIONAL ENTERPRISES (WP1), FEB. 23 AND 24,  
1977 MEETING

REF: (A) IND/WP1/A(77)1, (B) DSTI/IND 1/77.1,  
(C) DSTI/IND 1/76.4 (1ST REV.) AND ANNEXES I-III,  
(D) OECD PARIS 4811

1. SUMMARY. ALTHOUGH BULK OF MEETING TAKEN UP WITH  
DETAILED EXAMINATION OF REVISED SECRETARIAT DRAFT STUDY  
ON MNE PENETRATION OF MEMBER COUNTRIES' MANUFACTURING  
SECTOR, MAJOR INTEREST WAS FUTURE OF WP1. NEW DRAFT  
PROGRAM PROVIDES FOR ONE-YEAR EXTENSION OF WP ACTIVITIES  
WITH ONGOING WORK (PRIMARILY ON PENETRATION AND CONCEN-  
TRATION) TO BE COMPLETED AND SUCH NEW ASSIGNMENTS TO BE  
UNDERTAKEN AS MAY BE REQUESTED BY INDUSTRY COMMITTEE  
AND/OR COMMITTEE ON INTERNATIONAL INVESTMENT AND MNE'S  
(CIME). DRAFT OF PENETRATION STUDY WAS ADOPTED AD REF-  
ERENDUM ALTHOUGH SOME COUNTRIES, INCLUDING US, SPECIFI-  
CALLY RESERVED ACCEPTANCE PENDING EXAMINATION OF STUDY  
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IN CAPITALS. END SUMMARY.

2. REPORTS ON PENETRATION AND CONCENTRATION OF MNE'S  
IN INDUSTRIAL SECTORS OF MEMBER COUNTRIES (REF C):

MAJOR PART OF MEETING CONCENTRATED ON LENGTHY PARAGRAPH-  
BY-PARAGRAPH EXAMINATION OF SECRETARIAT REDRAFT OF COM-

PREHENSIVE SUBJECT STUDY AND STATISTICAL ANNEXES. NUMEROUS ANALYTICAL, STATISTICAL AND EDITORIAL CHANGES WERE MADE AND REPORT WILL BE TRANSMITTED TO INDUSTRY COMMITTEE FOR CONSIDERATION AT MARCH MEETING. US, CANADA, AUSTRALIA RESERVED ACCEPTANCE OF STUDY PENDING CONSULTATION IN CAPITALS. THEY WERE REQUESTED TO PROVIDE SECRETARIAT (AT EARLY DATE) WITH ANY WRITTEN COMMENTS. WP1 AGREED TO PROPOSE DERESTRICTION OF PENETRATION REPORT.

3. RELEVANT DISCUSSIONS IN OTHER OECD GROUPS (REF B):

SECRETARIAT REPORTED THAT NO AGREEMENT WAS REACHED IN FEBRUARY CIME MEETING ON FUTURE WORK PROGRAM FOR WP1 AND THAT MATTER WOULD AGAIN BE BROUGHT UP AT NEXT CIME MEETING FOLLOWING OUTCOME OF DELIBERATIONS BY WP1 AND INDUSTRY COMMITTEE.

4. DRAFT TERMS OF REFERENCE FOR WP:

DISCUSSION OF WP'S NEW MANDATE PRODUCED STRONGLY DIVERGENT VIEWS ON WORK PROGRAM, PARTICULARLY WHETHER PROPOSED MANDATE SHOULD BE FOR THREE YEARS (WITH VERY AMBITIOUS PROGRAM SUGGESTIONS), FOR ONE YEAR (ESSENTIALLY TO COMPLETE CURRENT ASSIGNMENTS) OR WHETHER WP SHOULD BE TERMINATED WITH THE UNDERSTANDING THAT IT COULD BE RECONVENED ON AD HOC BASIS IN RESPONSE TO REQUESTS FROM CIME AND/OR INDUSTRY COMMITTEE. SECRETARIAT SUGGESTED WIDE VARIETY OF NEW STATISTICAL ACTIVITIES.

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5. SOME COUNTRIES, AMONG THEM GERMANY, SWEDEN, AUSTRIA, FRANCE, PUSHED STRONGLY FOR AN OPEN-ENDED MANDATE TO PURSUE WORK ON OUTWARD INVESTMENT FLOWS AND PENETRATION AND CONCENTRATION STATISTICS (INCLUDING DATA ON NON-MANUFACTURING SECTORS). US DEL (NEUMANN) IN LINE WITH APPROACH TAKEN AT RECENT CIME MEETING (REF D), SUGGESTED THAT GROUP CONSIDER POSSIBLE TERMINATION OF WP1. AS EXPECTED, PROPOSAL PROVED HIGHLY UNPOPULAR, PARTICULARLY WITH SECRETARIAT, WHICH ARGUED THAT OVER THE YEARS WP1 HAD ACQUIRED SUCH "UNPARALLELED" EXPERTISE IN MNE DATA GATHERING AND HARMONIZATION THAT NO OTHER GROUP WOULD BE WILLING OR CAPABLE TO CONTINUE WP'S WORK. AGREEMENT WAS REACHED THAT WP1 SHOULD REQUEST ONE-YEAR MANDATE, TERMINATING IN MARCH, 1978, TO COMPLETE ITS CURRENT WORK, PARTICULARLY ITS PENETRATION AND CONCENTRATION STUDIES, AND TO UNDERTAKE ADDITIONAL TASKS IF AND WHEN CALLED

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UPON TO DO SO BY INDUSTRY COMMITTEE OR CIME. IF FOUND  
DESIRABLE, MANDATE COULD THEN BE RENEWED BEYOND 1978.  
(SECRETARIAT POINTED OUT THAT EXTENSIONS NOT EXCEEDING  
ONE YEAR MAY BE APPROVED BY INDUSTRY COMMITTEE WITHOUT  
COUNCIL APPROVAL.) DRAFT MANDATE AS ACCEPTED BY WP1 WILL  
BE CONSIDERED BY INDUSTRY COMMITTEE AT MARCH SESSION AND  
DELEGATIONS WILL BE INVITED TO COMMENT ON PROPOSED WP1  
WORK AND SUGGEST CHANGES. (TEXT OF PROPOSED NEW MANDATE  
HANDCARRIED TO WASHINGTON FOR INTERESTED PARTIES BY I.  
NEUMANN, COMMERCE, EXT. 377-3227.)

6. COMMENT: STRONG OPINIONS WERE EXPRESSED BY OUTGOING  
CHAIRMAN AND SECRETARIAT THAT SINCE CIME IS PRIMARILY A  
COORDINATING BODY FOR INVESTMENT AND MNE MATTERS, IT  
SHOULD NOT ENGAGE IN SPECIFIC STUDIES. IN ADDITION,  
INDUSTRY COMMITTEE CONTINUES TO BE VITALLY INTERESTED IN  
MNE ISSUES AS PART OF ITS OVERALL INDUSTRIAL PROGRAM.  
WP1 CHAIRMAN WAS ASKED TO COMMUNICATE THESE CONSIDERA-  
TIONS TO INDUSTRY COMMITTEE URGING THAT IT SHOULD SUPPORT  
IN CONTACTS WITH CIME THE RETENTION IN WP1 OF WORK ON  
GOVERNMENT ATTITUDES AND POLICIES TOWARD MNE'S.  
END COMMENT.

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7. THERE WERE NO REPORTS ON RECENT CHANGES IN MEMBER COUNTRY POLICIES WITH REGARD TO FOREIGN DIRECT INVESTMENT AND MNE'S. ELECTION OF CHAIRMAN WAS POSTPONED PENDING ADOPTION BY INDUSTRY COMMITTEE OF WP'S NEW (INTERIM) TERMS OF REFERENCE. NO DATES WERE SET FOR FUTURE MEETINGS OF WP1.

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## Message Attributes

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